

KOSOVO
NGO Sustainability Index
1999

OVERALL RATING: 4.4

The enthusiasm, energy and willingness to engage of Kosovar NGOs is extremely high. A number of international organizations estimate that there are approximately 50 active formal NGOs in Kosovo, primarily located in the capitol, Pristina. There are also 139 Community Improvement Councils (CICs) in 24 municipalities, established by USAID/OTI, that are functioning civil society organizations. Approximately 250 CICs are projected to be in place by spring 2000.

Despite the lack of previous democratic and civil society experience, as a result of a long history of communist and Serbian dominated rule, Kosovar society provided itself with social, cultural and basic community services over the past ten years, through a largely voluntary civil society system. Many of these NGOs developed into well-organized agencies with skilled management and international support. In many instances, nascent NGOs provided community services and evolved management structures and mechanisms to report to their communities on an instinctual basis. As a result, there is a great deal of enthusiasm and energy in the Kosovar NGO sector, but little formal structure or support, and there are serious limits to NGO capacity.

LEGAL ENVIRONMENT: 3

On November 15, 1999, the United Nations Mission in Kosovo (UNMIK) issued the Regulation on the Registration and Operation of Non-Governmental Organizations. This regulation creates the basic framework for NGOs operating in Kosovo. Prior to this regulation, NGOs operated in a legal vacuum, which posed a significant obstacle to the development of civil society in Kosovo. The regulation supersedes inconsistent provisions of Serb and Yugoslav law, which restricted NGO development in Kosovo. The Kosovar and international NGO community actively participated in the preparation of this regulation. UNMIK significantly revised the draft in response to this participatory process, and the final version reflects a number of international best practices.

Consistent with civil law traditions, the regulation permits the establishment of both associations and foundations, which may be established for either public benefit or mutual interest. Registration is simple, and UNMIK has limited authority to deny registration. The regulation also recognizes that individuals have the right to associate without forming a legal entity. Associations and foundations are allowed to engage in economic activities to support their purposes, and lays the groundwork for tax/fiscal benefits for public benefit NGOs.

ORGANIZATIONAL CAPACITY: 4.5

A small number of experienced and sophisticated NGOs remain from prior to the war, and new NGOs are continually forming, in large part to meet the needs of the large community of international relief agencies operating in Kosovo. While civil society in general provided "shadow government" services during the last ten years, NGOs primarily worked in humanitarian assistance, human rights and media. Most of the more established NGOs have broad missions and objectives, as well as a good understanding of the needs of their constituencies and many of the projects that they would like to undertake. There is a sophisticated informal network of resources and skills within the

community, remaining from having provided parallel services under the "shadow government". There is a wide gap, however, in the organizational capacity of established and experienced NGOs and those that have formed, and are forming, since the conflict.

The experience of providing public services through voluntary parallel institutions has given NGOs and NGO activists a substantial informal network of contacts throughout the sector. They are very familiar with each other's skills and capabilities and are closely rooted to the community.

Constraints: Many of the NGOs that remain from prior to the conflict returned after the war to find much of their equipment and offices destroyed. Those NGOs that have re-established themselves, and new NGOs that have begun to operate, still lack strategic planning, operational, management, and resource development skills. There is little, if any, separation between the responsibilities of staff and boards of directors. In most instances, the same people serve in both roles. Much of the voluntary resources that supported NGOs in the pre-war period are no longer readily available because of the competing post-conflict needs and because many of the most experienced NGO activists are now working for international agencies. With the evolution of local self-governance, the role of NGOs, the scope of NGO services, and the community resources available to them will change dramatically. Some of the more sophisticated NGOs may evolve into government institutions. Those that remain will face the competing challenges of working in partnership with government to meet community needs, while monitoring the development of government institutions and demanding transparency, responsiveness and citizen involvement in a society without those traditions.

FINANCIAL VIABILITY: 6

There is a substantial history of community support for civil society initiatives. Existing legislation does not place any limitation on NGO capacity to compete for government (i.e. UNMIK) contracts and procurements, but such competition is rare. NGOs largely lack the capital necessary to mount such contracts, and unfortunately there are no legal provisions that exempt NGOs from taxation on their mission related earned income.

The local post-conflict economy has extremely limited capacity to support NGO activities. While it was a social necessity to support civil society initiatives with both money and voluntary labor during the Milosevic era, it remains to be seen whether this level of community commitment can be maintained. Up until very recently, the lack of a formal legal framework and registration system made it very difficult for international organizations and donors to provide financial support and assistance.

ADVOCACY: 5

As local government structures evolve, NGOs will need to develop the capacity to successfully monitor development and participate in public policy debate and decision making with both local government structures and UNMIK. There is ample evidence that NGOs and civic activists have an interest, as well as some capacity, in advocating for change. Kosovar NGOs have an active history, particularly in human rights activism and advocacy. OSCE and local NGOs have established an Executive Council that meets on a regular basis. The NGO Executive Council was very involved in the review and comment on UNMIK's proposed NGO registration legislation.

The will and ability of the Kosovar citizenry to effect the political agenda is weak, and the tradition of questioning government, as distinct from the ability to reject an oppressive regime, is lacking. While human rights NGOs in Kosovo have a history of advocacy activity, other civil society sectors have had little contact with government over the past ten years. Local NGOs have open lines of

communication with UNMIK and OSCE, but there is no established governmental entity at the provincial or local level for NGOs to communicate with.

SERVICE PROVISION: 4

There is a decade long experience in “doing everything on our own” through parallel civil society institutions, in the absence of support and services from the Serbian government. Since 1989, largely voluntary institutions have provided health services, education, protection of human rights and other “public” services throughout Kosovo. Voluntary cultural institutions were also active and widely supported.

As local government structures evolve, some civil society organizations that provided public services may develop into government agencies. Others will begin to register as NGOs under UNMIK's recently established NGO registration process. There are a limited number of local NGOs in Kosovo that have the capacity to implement wide service provision for UNDP, international development organizations, and/or evolving local government structures. There are also no established procedures for government acquisition. That will assure NGOs of an equal opportunity to compete in a transparent process.

INFRASTRUCTURE: 5

OSCE has facilitated the development of an NGO Executive Council. The Council includes a series of sectoral focus groups designed to be a voice for NGOs in each sector, but a number of the larger and more sophisticated local NGOs do not participate, because they see little value in it for themselves. OSCE is also in the process of establishing four “Democracy Cafes” in Pec, Prizren, Pristina and Gnjiliane. The Cafes will provide information and assistance on NGO registration, space for training workshops and meetings, access to organizational resources such as computers, fax machines and photocopiers, and information on appropriate donors.

The current interim Executive Council has limited capacity, but there is reason to believe that the Council may evolve into a more sophisticated forum for coordination and advocacy on NGO issues and concerns. While there is a great deal of international agency money focused on civil society projects, very few resources have been targeted at local NGO capacity building and support.

PUBLIC IMAGE: 3.5

NGOs continue to have a positive image in communities, primarily because of the positive image heritage from before and during the war. The rates of voluntarism are still high. NGOs have a history of coalescing and campaigning, and they continued this after the war. NGOs are trying hard to find their niche in the society, establishing their relationship with UNMIK, cooperating with KFOR and parallel local authorities.

The changes in the political environment represent a challenge for NGOs to continue to preserve their positive public image. The large number of international NGOs present in Kosovo can create a misperception of nature of local NGOs.

KYRGYZSTAN
NGO Sustainability Index
1999

OVERALL RATING: 4.3

Over the last year, the NGOs of Kyrgyzstan have become more sophisticated and more aggressive in their advocacy work. A working group of NGOs and parliamentarians have drafted a greatly improved law on NGOs that was signed into law by President Akaev in October 1999. In addition, numerous NGOs have regular input on legislation through parliament, and a coalition of NGOs is working intensively on training domestic observers for upcoming elections.

According to USAID grantee Counterpart Consortium's database 1,327 NGOs have active operations in Kyrgyzstan -- an increase of approximately 300 from 1998. While most organizations are small and have little membership and constituency base, others have begun developing membership, constituency, and means to establish regional offices around the country. The NGO sector in Kyrgyzstan includes a wide-range of organizations, including civic education, consumer and human rights, and women's groups as well as a wide range of service provision groups.

There is a continual growth in the understanding of the importance of NGOs in the country among Government officials, but many people still regard NGOs as means to make money from foreign donors and do not trust them as social advocates. There is evidence of some successful collaboration between public, private and NGO sectors, but it is not widespread or supported by appropriate legislation. While NGOs presently enjoy more tax benefits in Kyrgyzstan than anywhere else in Central Asia, the benefits remain limited.

LEGAL ENVIRONMENT: 3.5

For the past two years, local NGOs, parliamentary deputies, and the international community have worked together to draft a new NGO law. This draft law was finally passed by Parliament the spring of 1999 but vetoed by the President on technical grounds in July. On October 1, deputies of Parliament addressed the President's objections and sent it back to his desk for signature. On October 15th, President Akaev affirmed his administration's commitment to NGO law reform by signing this new piece of legislation -- greatly improving the legal environment for NGOs in Kyrgyzstan.

This new law abolishes registration and geographical limitations on NGO activities -- changes that will allow significant cost reduction for creation, registration and regulation of all NGOs (both locally and regionally within Kyrgyzstan). In general, the new law establishes a solid organizational-legal basis for the creation of non-profits and determines their clear distinction from commercial organizations.

Passage of the law does not make NGO law reform complete. Much still depends on the government authorities' (ministries) implementation of the new NGO law. Narrow interpretations and potential tightening of regulations may occur in the form of follow-up instructions -- a move which may threaten the law's utility. At least for now, the initial step by the parliament to enact

contemporary NGO legislation is time-tested and has been approved by the President. It only remains to be seen whether the government can follow through with this initial progress.

It should be noted that the government rarely harasses NGOs regardless of how political their missions are. Several strong legal NGOs exist that serve the NGO community and know legislative issues related to the non-profit sector.

ORGANIZATIONAL CAPACITY: 4

Over the past year, several Kyrgyzstani NGOs have developed mature organizational structures, but most remain small organizations with small memberships and constituencies. Governance structures remain a challenge – with confusion about the roles of a Board of Directors and the implementing staff. Newly formed Boards tend to have more of an advisory function, rather than responsibility for making policy.

A large number of NGOs have gone beyond living “grant to grant” and demonstrate a capacity for strategic planning and mission development. Most active NGOs in the capital city of Bishkek are knowledgeable about Internet use and use contemporary information technology in their work. Many NGOs outside Bishkek remain inexperienced in such technology, and depend upon NGO resource centers for Internet and computer access.

The majority of NGOs do not have paid staff and work mainly on a volunteer basis. Many Kyrgyzstani NGOs have begun to develop broader volunteer bases to assist them in their work.

FINANCIAL VIABILITY: 5.5

With an average monthly wage of approximately \$25 US, and official unemployment rates ranging between 20%- 50%, Kyrgyz NGOs face many barriers to financial sustainability. While stronger NGOs have been able to establish diverse and creative means of fundraising, the economic situation in Kyrgyzstan makes any serious diversification of the sources of funds for NGOs very difficult to establish. As a result, most NGOs remain dependent upon the funding of international donors.

While financial management training is available to NGOs, most do not have strong, permanent, and transparent financial accounting systems. This is a significant stumbling block for NGOs hoping to attract private sector funding of contracts for services. Commercial activities and cost recovery fees are not a good option for NGOs at this time, due to the current legislation for NGOs regarding business ventures.

ADVOCACY: 3.5

NGOs in Kyrgyzstan have the most developed advocacy skills in Central Asia. Several NGOs have developed strong working relationships with the parliament, and many have forged ties with local government. A number of NGOs, including private farmers' associations, directly influence policy making on both the national and local levels. A number of NGOs have used the strong constituency developed through service delivery to begin expanding their role into advocacy. For example, the Aiken consumer rights association has developed a high profile and is well known among consumers. Advocacy remains most effective at the local level, with NGOs providing input that has effected numerous initiatives, including changes in land redistribution and decisions regarding water system rehabilitation.

While some Kyrgyzstani NGOs hide information and view other groups as competitors for scarce resources, a number of fora/councils have evolved to bring NGOs together. At present, a number of Kyrgyz NGOs are establishing a broad-based effort to advocate for free and fair implementation of upcoming elections. At the same time, there are several legal advocacy NGOs in Kyrgyzstan, and many of them have taken part in the advocacy of legislation aimed at creating a better legal environment for NGOs.

SERVICE PROVISION: 4

NGOs in Kyrgyzstan provide a diverse line of services to communities. Given the economic situation in the country, however, most of the service providing NGOs remain donor-driven both in regards to funding and mission. In addition, service NGOs are somewhat new and obtain less support from international donors than those involved in advocacy activities. While some cost recovery mechanisms are in place among service oriented NGOs, these examples are few and far between.

INFRASTRUCTURE: 4.5

While there are several strong NGO resource centers in Kyrgyzstan, they are almost exclusively donor funded, and do not meet the demand for information, training and access to basic office equipment in rural areas. Nonetheless, they offer good resources including office equipment, email access, and extensive training. A cadre of skilled local trainers exists in Kyrgyzstan, but training events are still heavily weighted to the capital city and are not often available in local languages.

Some intersectoral partnerships exist, and the government in particular appears to be open to this activity. While some local businesses have modestly supported NGOs, the economic situation limits the growth of this form of partnership. Several coalitions of NGOs have formed in Kyrgyzstan, including the Coalition for Democracy and Civil Society which leads the effort to train domestic observers for the upcoming elections.

PUBLIC IMAGE: 4

The media in Kyrgyzstan has publicized NGO activity widely, aiding in the increasingly positive public perception of NGOs. Given the economic situation in Kyrgyzstan and the fact that NGOs have funding from international donors, however, there exists a perception that these organizations are established to make money more than they are for the public good. While some NGOs have established ways to publicize their work, none have well-defined and implemented codes of ethics aimed at making their activities and funding transparent before the public.

LITHUANIA
NGO Sustainability Index
1999

OVERALL RANKING: 3.2

The legal framework provides the basic elements necessary for development of the NGO sector, but improvements in a number of areas are necessary. NGOs are becoming more professional, and improving their organizational capacity and outreach activities. Public relations and the provision of services to constituents are receiving greater emphasis. Limited financial resources are a major constraint for NGOs, exacerbated by obstacles to carrying out commercial activities and insufficient philanthropy.

LEGAL ENVIRONMENT: 4

The legal environment and legislative framework for NGOs in Lithuania have not changed much during the past year. NGOs do not have significant problems registering. Lithuania's current NGO laws recognize four types of NGOs: two membership-based ("societal organizations" and "associations"), and two property-based ("charity and sponsorship funds" and "public institutions"). The laws are generally considered to be too prescriptive, ambiguous and overlapping. Over the past year, efforts to amend the Law on Charity and Sponsorship for NGOs, which covers philanthropy, have continued. There have been a number of versions, but none has reached the Parliament. Efforts are also underway to remove the restrictions on volunteer labor/activity. Officials and Members of Parliament are slightly more aware of the legal needs of NGOs, and slightly more open to the involvement of NGOs in efforts to revise the legal framework that governs their activities.

With support and assistance from the international donor community, NGOs are more successfully engaging governmental authorities on both the national and local levels. The Prime Minister is in the process of creating a Permanent NGO Commission (at the initiative of a leading group of NGOs), which is intended to serve as a consultative mechanism, but progress has been slow. The Ministry of Social Security and Labor has been actively involved in NGO legal affairs. A number of municipalities are working more closely with NGOs in this area. NGOs have the capacity to bid on contracts for social services provided by Municipal authorities, in theory, but the absence of legal mechanisms leaves grants as the preferred alternative. Mini-courses on NGO law are now being offered to law students in Lithuania's second city, Kaunas, and a legal clinic has been opened at Vilnius University, which may provide services to NGOs. However, the number of lawyers trained in and familiar with NGO law is limited and more concentrated in the cities, and few NGOs can afford their services in any event.

NGOs are exempt from taxes on charity and support that they receive, and can often get VAT reimbursed. NGOs also pay a preferential/lower rate of taxes on income. When legal persons give charity or sponsorship in an amount up to 20% of their profits, they are entitled to deduct double this amount, but there are some complications. Individuals can, in theory, receive an income tax concession of up to 100%, but because most taxes are deducted directly by the employer, there are no mechanisms to take advantage of this possibility.

Registration of NGOs remains complex and time consuming, but most of the obstacles are bureaucratic in nature. Law prohibits most NGOs from directly undertaking economic activities and the establishment of subsidiaries for this purpose is complicated. Severe restrictions and limitations exist on the use of volunteer labor. The Law on Charity and Sponsorship, which ostensibly promotes grant-giving, is viewed by NGOs as actually complicating it further, and problems with this law are cited as a major concern by NGOs. According to the existing regulations, each program (term undefined) prepared by an NGO must be approved by the Government. NGOs are generally tax-exempt, except with regard to income, but frequently the laws do not clearly distinguish between NGOs and for-profit organizations.

ORGANIZATIONAL CAPACITY: 2.5

Many prominent and active NGOs are aware of their organizational and management needs, and receive/have received training to strengthen the organization and promote sustainability. NGOs acknowledge that professionally functioning organizations are likely to achieve better results. National NGOs often have all of the components of a sound institution, such as a board of directors, volunteers, and paid staff. Many NGOs have had training in strategic planning and fund raising, and have defined their mission and financial goals. Several donors have worked to increase the level of training and technical assistance available to NGOs, and there is now a small but definite cadre of Lithuanians who are able to undertake NGO training activities.

The level of professionalism and experience of people involved in NGO activities is increasing noticeably. There are more volunteers, and they are often better educated, despite the legal obstacles. Many of the major NGOs have basic modern office equipment at their disposal, such as computers, fax machines, and Internet, or have access to these through NGO support centers.

Many small NGOs still do not realize that business-like management of an organization is the key to success, and are reactive rather than proactive. Boards of directors and volunteer programs do not function as efficiently as they should. Smaller and particularly rural NGOs face management and organizational difficulties. Further, they often do not have access to modern technology. These conditions increase their level of isolation, and reduce their efficiency.

FINANCIAL VIABILITY: 3.5

The financial challenges facing Lithuanian NGOs have increased during the past year. This is a result of cutbacks from governmental and donor sources, and the uncertain economic climate. On the positive side, NGOs are working to diversify their funding sources, which include foreign donors, local and national government, and private sources. Local governments are becoming more aware of the financial needs of local NGOs, and the ways that NGOs can use public financing to provide services. More NGOs recognize the importance of sound financial management and accounting. Larger NGOs have professional financial management staff, perform monitoring/oversight, and work to enhance their financial reporting systems.

Financial resources are usually small. Much funding still comes from foreign donors, which means that activities are too often donor-driven. Many donors are reducing their support for Lithuanian NGOs, and focusing more on other countries. Due to budgetary problems, the Lithuanian government has significantly reduced or at least delayed its financial support for NGOs. The prohibition of commercial activities is still a major constraint to raising revenues; establishing for-profit subsidiaries is no simple matter. The official ban on voluntary labor limits an important source

of support, namely the time of interested individuals. Further, limited personal and corporate philanthropy remains problematic.

ADVOCACY: 1.5

Public policy advocacy has become a working concept for many NGOs. The dialogue between NGOs and governing institutions has become considerably more open and constructive during the past year. Seminars and conferences involving the NGO community and government officials have become more frequent.

On the national level, the Parliament has modified its rules to allow open hearings concerning draft legislation. NGOs are now providing their input to Parliamentary Committees on a regular basis. There are a number of concrete examples of NGOs influencing the final content of laws. The USAID supported Program on Open Legislative Process, which led to an open hearing in the Parliament on the Law on Charity and Sponsorship (December 1998), was a watershed event. On the Municipal level, NGOs and coalitions of NGOs (sometimes formal but more often informal) are having more frequent interactions with officials, and influencing policy development and regulatory/decision-making processes.

Not all governing institutions recognize that NGOs possess considerable expertise in special areas, and acknowledge them to be active partners in decision-making process. Information concerning governmental processes and draft legislation, while much more accessible, is still not widespread. Many NGOs, particularly in rural areas, are simply unaware of the possibilities that now exist, and how to take advantage of them.

PUBLIC IMAGE: 2.5

Media coverage of NGO activities continues to increase. At the local level, media interest in the activities of NGOs has grown considerably. More Municipal officials view NGOs as potential partners and effective service providers, and are willing to learn about their work and consult with them. There is less public suspicion concerning the activities of NGOs. A larger number of NGOs actively publicize their activities, and promote their image and services. NGOs are organizing highly visible public events, such as NGO forums, fairs, and international conferences. NGOs continue to receive more training concerning public relations and working with the media.

The public is still far too often unaware of or even indifferent to the activities of NGOs. While there has been progress, NGOs rarely publicize their activities on a national level. Further, the national media is far less likely than the local media to publicize NGO successes, as opposed to scandals. Cooperation between governmental institutions and NGOs is still constrained by perceptions concerning conflicts-of-interest, which are exacerbated by the tendency to overplay instances of misconduct. There is still a need to increase NGO transparency and self-regulation.

SERVICE PROVISION: 3.5

Legislative changes in recent years have in theory made it easier for Municipal governments to award funding to NGOs for providing social services. While Municipal authorities are increasingly interested in working with NGOs to provide services to their constituents, the absence of implementing mechanisms is a serious constraint. Further, while the areas in which services are provided is somewhat narrow, there are signs that it is expanding. NGOs are developing greater capacity to reach out to both the authorities and their constituents, which is enhancing their ability to provide services.

The financial resources available to Municipal authorities are extremely limited, as is their control over budgeting. This in turn limits the funding/opportunities available to NGOs. Because NGOs are rarely able to offset their costs through charges for services, cost sharing is problematic. While there has been progress, governmental processes are not as open as they could be. The interest of governmental authorities in consulting with NGOs concerning policy development and regulatory activity, while increasing overall, varies greatly from one location to another.

INFRASTRUCTURE: 3

NGOs are starting to form more coalitions, usually within their specific sectors of activity. NGO resource centers are serving as foci for information, training, fundraising, and networking activities. While there are only a handful of major resource centers, the needs of the NGO community are generally being met. Modern technology has opened new doors for NGOs to cooperate and share information. NGOs have greater access to training and expertise from local sources. Amongst the most popular subject areas are strategic planning, fundraising, financial management, constituent services, public relations, media relations, and advocacy.

Traditions of cooperation and sharing between NGOs are developing slowly. Many NGOs do not appreciate the benefits of collective action, and prefer to focus on parochial interests. There are few truly national coalitions at this time. NGO resource centers are not financially self-sustaining, since they are generally not able to collect fees for their services, in part due to limited resources on the part of NGOs.

MACEDONIA
NGO Sustainability Index
1999

OVERALL RANKING: 4.6

According to a 1998 registry of NGOs compiled by the Macedonian Center for International Cooperation, there were 380 active NGOs and another 220 professional associations in Macedonia. The vast majority of Macedonian NGOs remain institutionally weak and few have professional management, relying instead on volunteers. Business and professional associations remain at an incipient level of development. Both general and in depth training in organizational management, strategic planning, and accounting remain a significant need for NGOs and associations alike.

Macedonian NGOs continue to survive on grants provided by international donors, although some obtain limited resources in their communities through local services and charitable work. Ethnicity and religion continue to divide the sector, with limited communication or coordination among different groups. Nonetheless, to the extent that they do occur, the best examples of common actions across ethnic lines in Macedonia are found in the NGO sector. Organizations for marginalized groups, such as women and Roma, remain weak and their activism at the community level is neither appreciated nor supported. These perceived and real constraints will take time and effort to overcome.

On the positive side, the legal environment for NGOs is relatively good. A new Law on Citizen Associations and Foundations enacted by Parliament in June 1998 now regulates NGOs. NGOs have had to reregister, a relatively straightforward process but one that suffered delays in the capital and larger towns due to a judicial system that is overburdened and uninformed about the new registration requirements. NGO tax issues have not been dealt with in a systematic manner, but new legislation regarding a VAT contains reduced rates for NGOs. Much remains to be done regarding tax benefits for NGOs.

This year's ranking for Macedonia also reflects the impact of the Kosovo crisis upon the NGO sector. The massive influx of refugees, combined with rapid social and economic decline due to closure of key transport routes, caused many NGOs in communities with refugees to suspend their project work, with several of the groups, particularly Albanian ones, refocusing their efforts upon humanitarian relief. The subsequent deluge of emergency funding from international donors boosted the activities of NGOs in the humanitarian sector. As funding has gone to projects rather than to institutional development however, the organizational capacity of most NGOs has not improved in the past year.

LEGAL ENVIRONMENT: 3

In June 1998, a new Law on Citizen Associations and Foundations was enacted by the Parliament. While this law is not perfect, it does reflect a number of international best practices, including relatively straightforward registration requirements, moving registration responsibility from the Ministry of the Interior to the courts, provision of a legal framework for foundations, expansion of right of foreigners to establish NGOs, establishment of appropriate rules for internal governance of NGOs, and limitations on the ability of the government to dissolve an NGO. Implementation of this

new law has been slow in the larger towns and information about the new law has not been disseminated widely.

The most notable implementation problem relates to the mandatory re-registration of NGOs located in the capital. Many groups have faced lengthy delays in this process – with up to a nine-month wait in some cases. For the most part, the delays were due to an excessive caseload and lack of understanding of the new requirements by the presiding judges, rather than purposeful interference with the process. The training of judges and NGOs about the new law remains a priority and a several organizations are currently planning to move ahead in this area. The Macedonian Center for International Cooperation (MCIC), Macedonia's only fully-functioning intermediary support organization (ISO), has supported an effort among the drafters to prepare a commentary on the new law, and the first training seminar for judges is scheduled for early November. NGOs themselves are also in need of training to understand the complete nature of this law, as well as others that regulate the sector.

The successful passage of the Law on Citizen Associations and Foundations has spurred the NGO sector to advocate for favorable treatment under a new value-added tax (VAT) law. This law was enacted in July 1999, and has a scheduled effective date of January 1, 2000. Several NGOs, including MCIC, Mesecina, a Roma NGO in Gostivar, the Center for Citizen Initiatives in Prilep, and the Consumer's Organization of Macedonia in Skopje organized public awareness campaigns and lobbying activities in support of the new law.

As demonstrated by the VAT law, tax issues for NGOs are not contained in place, but within a variety of laws. There has been no systematic effort to improve tax status for NGOs across the board. The Ministry of Finance has expressed interest in collaborating with the NGO sector upon a variety of tax issues, including the granting of tax free status to registered NGOs and providing tax incentives to the individuals and the private sector for making donations to NGOs. Without the passage of this legislation, the sustainability of the NGO sector from local sources will be difficult to achieve.

There are currently very few lawyers in Macedonia with an understanding of the regulations regarding NGOs and the needs of the NGO sector. After a hiatus during the Kosovo crisis, efforts to integrate the NGO law into the curriculum of the Skopje Law School are continuing.

ORGANIZATIONAL CAPACITY: 4.0

While the baseline capacity of NGOs that have participated in the USAID-funded Democracy Network Program has increased slightly over the past year, there has not been systematic growth in the institutional capacity of NGOs across the sector.

The NGO sector remains weak in all areas of organizational capacity: strategic planning, management, staffing, technical resources, and constituents. Only a handful of NGOs in Macedonia think strategically and have developed systems and procedures for strategic planning. Long term planning by some NGOs has been particularly affected in recent months by the Kosovo crisis and the subsequent deluge of international support for humanitarian organizations. This flood of support has allowed some NGOs to shift their focus to relief efforts. With future funding levels for more basic organizational development uncertain, NGOs are not currently in a position to think in a long term, strategic manner.

Very few NGOs have professional, salaried staff and instead use project grant monies to support key people as opportunities arise. This means that very few Macedonians envision themselves as

professionals in the NGO sector, as the vagaries of funding render it nearly impossible to plan for the future. The strength of the Macedonian NGO sector now lies in its volunteer nature.

While there continues to be a significant need for basic support to strengthen the institutional capabilities of NGOs throughout Macedonia, a small core group is ready for advanced training in the areas of advocacy, organizational management, fundraising, and financial management. Business associations and other professional associations remain in an incipient level of development, with particular weaknesses in the areas of membership services, participatory involvement, and advocacy.

While there has been much attention paid by donors to providing Macedonian NGOs with the tools that they need for their own operation, there has been virtually no attempt to provide NGOs and the Macedonia society with an understanding of the role of NGOs in a civil society. It appears as if the international community assumed that NGOs would naturally understand their role as they gained organizational and other skills. There is general agreement among NGO leaders that Macedonian NGOs will lag in all of the critical institutional development areas, particularly strategic planning, until they more fully understand what their true role and impact can be.

Nonetheless, model NGOs do exist throughout the country, most often as small, efficient groups in smaller communities that are addressing community needs. While these groups are not perfect and tend to be personality-based, their credibility is grounded in the results that they have shown in their communities--a natural constituency. For example, MCIC has been working with community groups since 1993, working mainly with water supply issues. One of the biggest programmatic impacts was increasing people's awareness that they can improve their own community. The challenge for the sector remains how to share information about the successes of these groups through mentoring and partnerships with others. By demonstrating how an effective organization can function, NGOs will be able to chip away slowly at the prevailing attitude of apathy and distrust towards organizations in general.

FINANCIAL VIABILITY: 5.0

International funding remains the primary source of revenue for NGOs in Macedonia. The Kosovo crisis has exacerbated Macedonia's already weak economy, with the unemployment rate currently estimated at forty percent (40%). This environment renders it increasingly difficult for the NGO sector to become indigenously funded. Indeed, these conditions do not support philanthropy among Macedonian businesses and individuals (there was little tradition to begin with) nor does it facilitate contracting by government to provide social services that it can no longer provide. The sporadic support provided by these groups is mainly in-kind contributions rather than cash.

While conditions for fundraising are poor, a few NGOs, mainly in the environment sector, are successfully seeking funds from their local communities. NGOs for marginalized groups such as women and Roma have a particularly difficult time raising funds and very few NGOs have a strategic approach to fundraising. Macedonian NGOs are beginning to explore various revenue-raising techniques but they tend to look to their membership or immediate constituency as their market and do not take a strategic look at the demand for products and services that they could provide.

Introducing internationally acceptable accounting procedures remains a problem for Macedonia in general, with the NGO sector facing the same challenge. NGOs tend to meet donor requirements only regarding financial management and accounting and do not see these mechanisms as a means to make their operations more transparent. Many NGOs do not share financial information with their membership or the public, which can lead to suspicion as to how these groups are using their funds.

It should be noted that NGOs are not alone in their need to improve their accounting standards -- the business sector faces similar challenges. However, an additional problem for NGOs is that they are expected to act professionally in financial accounting, without full-time professional staff.

ADVOCACY: 4.5

Due to the incipient nature of organizational development and a lack of understanding of the transforming role that NGOs can play in society, advocacy skills remain relatively undeveloped. While NGOs need more information about the importance of advocacy and lobbying, there are instances of advocacy, particularly at the local level. One growing area of impact is the Local Environmental Action Planning (LEAP) process where environmental NGOs lead a community through a visioning and prioritization exercise that recommends local level environmental policy change. A recent success in this area was an NGO recommendation in Probistip that required a factory to shut down temporarily to install a more environmentally friendly system. In Macedonia, business and government are largely apathetic to NGOs and see them neither as resources nor as threats.

There have also been some national and local policy advocacy initiatives in the areas of domestic violence and human rights, but their effectiveness beyond raising awareness remains to be seen. One initiative of note in the domestic violence arena, was led by a small, yet vocal and politically well connected NGO, ESE, that lobbied for new applicable legislation. Recent national level advocacy efforts have also focused upon improving the status of NGOs under a proposed VAT law. Another national level initiative, led by environmental NGOs, encouraged the Macedonian Government to sign the Aarhus Convention. Several human rights groups exist in Macedonia, and their activities are occasionally covered in the media, but they remain generally low profile. For the most part, cooperation among NGOs is limited, constrained by the lack of a sense of community within the sector.

There are no official constraints on NGOs communicating directly with public officials at either the local or the national level; and many Ministries now have official NGO contact points. Often these communications are led by a powerful personality rather than by the NGO as an organization. The effectiveness of such communications varies widely based on the nature of the NGO and the particular government official. Lobbying efforts occur on an informal basis based on personal relationships rather than in a systematic fashion. There is little recognition on the part of the public that NGOs are lobbying on its behalf or that NGOs have useful connections with government.

PUBLIC IMAGE: 5.0

Over the past year, journalist associations, women's and environmental groups have brought increased attention to the role of NGOs in their respective areas, and the Kosovo crisis has raised public awareness of the role of a few NGOs in the humanitarian sector. Every major newspaper now has a reporter dedicated to covering NGOs and stories about NGOs are found in all state and independent media outlets. As the overall quality of journalism is low, stories about NGOs tend not to be written clearly and contain little analysis. Journalist associations have not yet been active in advocating for the media to have a greater role in public policy debate. Despite this increased media coverage, overall public awareness and perception of NGOs remains low in Macedonia. Reasons for this include:

1. The pressing economic situation renders understanding of NGOs low on people's priority list.
2. The fact that NGOs have not yet attempted to develop a code of ethics or demonstrate transparency in their operations in any concerted manner.

3. The overall sector identity remains weak and there are few intermediary NGOs or intermediate support organizations (ISOs) to advance the image of the sector and interface with the public or government.

Recent local level growth of NGOs may create an enhanced public image for the sector, particularly for those NGOs that are able to deliver the necessary basic services that government is unable to provide.

SERVICE PROVISION: 5.5

On the whole, the Macedonia NGO sector is very weak in the area of service provision, with the notable exceptions of humanitarian and assistance being provided during the Kosovo refugee crisis and a limited amount of community services from the rest of the sector.

This weakness can be attributed to several causes that link back to the lack of understanding of the role of NGOs in a civil society, by the public, business, government and NGOs. For example, most NGOs do not have a sense of the possible demand for services among their immediate constituency or in the country. NGOs tend to focus upon what they can offer rather than what a community or sector may need. When services are provided, there is a big gap between NGOs' ability to serve their own members versus what they can provide to a larger market.

The provision of services at cost is a new concept for Macedonian NGOs. Due to the country's weak economy, very few groups are able to recover their costs. NGOs do not have a sense of market demand and the abilities of constituencies to pay for products and services. NGOs too often focus only on obtaining grants from outside donors to support themselves.

The NGOs' lack of understanding of the role they can play in providing services is compounded by government's lack of understanding of the role of NGOs in general. While NGOs are legally allowed to bid on government procurements that fall within their organizational missions, this does not occur in any broad sense. The increase in foreign assistance funding in response to the Kosovo crisis has resulted in an increase of humanitarian support from some NGOs. The potential role of NGOs in this area is now clearer to government, but indigenous resource levels are too low, particularly at the local level, for such activities to continue without continued foreign assistance.

To move the sector ahead, much work needs to be done in two areas:

1. Providing tools such as market analysis and accounting to NGOs to enable them to more effectively provide goods and services.
2. Improving the understanding of government, business, and the NGO sector regarding the role that NGOs can play in the provision of goods and services.

INFRASTRUCTURE: 5.0

Over the past year, there has been little improvement in the infrastructure needed to support the NGO sector. Donors are just beginning to support the development of infrastructure and there is little indigenous support. A particular area of weakness is the development of intermediary support organizations (ISOs) which now meet only a fraction of the overall need for training and assistance. The Macedonia Center for International Cooperation (MCIC) provides grants and technical assistance to a portion of the sector and maintains a small service center to attend to the basic informational needs of its NGOs. ADI, a past National Democratic Institute-supported NGO in Gostivar, continues to provide services to the local NGO community by offering office space and

other services for NGOs as well as computer training on a fee basis. The local branch of the Regional Environmental Center, located in Skopje, also offers support services to the environmental community. The Open Society Institute (OSI) has plans to open several NGO resource centers around the country.

Recent observations by NGO leaders indicate that the resource centers that do exist are not being utilized as much as was expected by the NGO community. The reasons for this are unclear, but contributing factors may include the general disinclination of NGOs to work with other groups and the relative ease of access to information through informal channels in a small country.

NGO networking remains very weak in Macedonia, sometimes because of ethnic differences. For example, it took months of facilitation to bring together Albanian, Macedonian, and Turkish women's NGOs to work on a common project in the town of Gostivar. The NGOs selected a drug awareness campaign as their common topic, but work stalled and tensions heightened among the groups during the Kosovo crisis. The Kosovo crisis also led to some jealousy between groups who received significant donor funding and groups who did not.

The NGO networks that do exist are not often issue-based, but rather are based on ethnic ties, political affiliations, or social relations. Traditional NGO umbrella organizations tend not to be democratically managed but are being supplemented by new groups such as a coalition of minority NGOs that share information and cooperate on a more equal basis. These new networks and coalitions are still donor driven but are starting to provide an attractive option for Macedonians who distrust the old-guard umbrella NGOs.

With respect to intersectoral partnerships, there appears to be willingness on the part of government officials to engage the NGO sector, but not necessarily to provide it with resources. Benign indifference may be the most apt characterization. Government has sought the expertise of specific NGOs at the local level in a few cases, usually through donor-funded community based programs such as the LEAP model where mutual self-interest provided common ground for collaboration. On the whole, government at the local level lacks authority or capacity for outreach and constituent links and NGOs skills remain weak in this area as well.

Business associations in Macedonia remain at an incipient level of development. Under the prior system, business association membership was mandatory with little benefit to the individuals. Today's associations, with the notable examples of the Association of Meat and Dairy Producers (AMDP) and the National Accounting Association, are moving towards a democratic, service-oriented and advocacy model, but still have quite a way to go.

MONTENEGRO
NGO Sustainability Index
1999

OVERALL RATING: 4.6

The situation of NGOs in Montenegro is in some ways the reverse of Serbia: there are fewer and less developed NGOs, but they function within a much more supportive legal atmosphere and political environment. The most important development in Montenegro for NGOs in the last year was the passing of a new NGO law, which in spirit and so far in practice provides full freedom for forming and operating NGOs, including for the smallest ones of less than five members. The law prohibits state interference in the functioning of NGOs aside from usual registration requirements. The government, democratically elected in 1998, views NGOs in positive terms and they are generally well covered in independent media. There are pro-government NGOs in the same institutional sense as before, but in open activity the government shows little favoritism. The main challenges facing Montenegrin NGOs relates to their late start, slow development, and poor organizational capacity. Several NGOs have become prominent think tanks and policy advocates, but most of the estimated 200 NGOs are small, often centered around a single person, and mostly inactive. There is very little domestic support and international donors have for the most part bypassed Montenegrin NGOs or taken the turn towards creating their own equivalent to GONGOs.

LEGAL ENVIRONMENT: 3.5

As noted above, a new NGO law was passed by Parliament and signed into law that provides for open and simple registration procedures, ensures swift registration, requires only minimal requirements and allows for easy registration of NGOs made up of fewer than five members. The law was passed with the support of a coalition gathering almost all Montenegrin NGOs, which provided key advice and lobbying in its drafting and legislative stages. Another sign of the progress under the current government led by President Milo Djukanovic is that after the law's passage, aides to Djukanovic indicated that they knew the law needed even more improvement (especially in the lack of tax exemptions for donations) and asked the coalition convener, CEDEM, as well as the International Center for Not-for-Profit Law for assistance in this effort. Specific areas for improvement include: a mandatory registration requirement for all associations, controversial provisions on internal governance, lack of conflict of interest provisions, and relatively large fines.

Tax legislation affecting domestic donors to NGOs is quite liberal, and covered in a separate tax law. This law provides that donations of a corporation to public benefit, sports, or religious organizations are tax deductible to the extent that they do not exceed 3% of the corporation's total income. Individual donations to these organizations are tax deductible to the extent that they do not exceed 10% of income subject to taxation.

While the overall tax environment is rather good, tax laws tend to be interpreted rather broadly with respect to economic activities of NGOs, making it very difficult for them to conduct activities for their support. Finally, as Montenegro functions within the legal framework of the FRY, its status remains precarious.

ORGANIZATIONAL CAPACITY: 5

The main progress in the last year came with the volume of NGOs that registered having very specific purposes (e.g. youth and student development, minority rights). They all have basic internal management structures required by law, but few have developed past that stage.

Across the range of areas related to organization development, Montenegrin NGOs fare rather poorly: they have basic missions but not well-defined. They have a basic internal management structure (one of the requirements of the registration law), but there is little understanding of strategies. It is estimated that only 20 NGOs have some staffing, and only a handful had more than one staff person. Few NGOs do not have their own equipment (often relying on personally owned equipment) nor do they seek to build membership or constituency. The only significant constituency organization beyond political parties is the Montenegrin independent trade union federation.

FINANCIAL VIABILITY: 5.5

There is greater international interest in Montenegro and the Soros Foundation is opening a separate office from its Belgrade branch (as in Kosovo). The government is placing no obstacles to international funding and the law allows unfettered registration by foreign NGOs and foundations. The government also held an open competition for grants of public money in which there was no observation of bias towards pro-government organizations (the judges included six representatives of NGOs).

Aside from this small competition, the NGO sector is completely dependent on foreign donors and in fact organizations will alter themselves to suit foreign donors or individuals will agree to set up new organizations that are fronts for the donors. Most NGOs are starving for even the most basic support and probably cannot survive. CEDEM estimates that at most 20 percent of the current 200 NGOs can survive.

ADVOCACY: 3.5

There is a generally positive atmosphere of cooperation between NGOs and the federal government and for the most part with local governments (exceptions are in areas still controlled by the hard-line party of Momir Bulatovic). This positive atmosphere is seen in many local NGO-local government agreements on community activities as well as the engagement of NGOs in the drafting and passage of the NGO law. CEDEM put together a national coalition of nearly all NGOs to offer a common platform of needs and to advocate passage of the law. Other areas of advocacy are seen in the economy and health care.

The practice of “lobbying” -- the direct influencing of a legislator through argument or presentation of facts and analysis -- is still unknown in Montenegro and most advocacy takes place in the forum of the media through advertisements or coverage of press conferences. Very few strong figures have emerged from the NGO community that can take on larger issues.

SERVICE PROVISION: 4.5

Several NGOs have developed a real capacity for providing services to the local community, such as for protection of women from violence (a major problem in Montenegro) or for teaching parents and children or for offering training for juvenile delinquents. Several NGOs have

developed cooperative relationships with local authorities, such as SOS Hotline with the local police to take more seriously the problem of spousal battery.

These are as yet small and few examples. In general, service provision is undeveloped due to the society's general expectation that all service provisions will be provided by the state, as well as the poor support for NGOs in these sectors. Many international institutions, especially humanitarian ones, wish to provide many human services themselves.

INFRASTRUCTURE: 5

Such things as NGO Resource Centers, advice centers, or support organizations are only starting to develop with international support (e.g. an NGO Resource Center with the support of the British Lottery, CEDEM, and USAID). At the same time, an NGO Coalition was put together around the drafting and passage of the NGO law. In most instances, intersectoral partnerships have emerged where they could exist.

Overall, there is no support system for NGOs in Montenegro and the NGO Resource Center has not proven yet that it can service the NGO community. NGOs have to take on several functions (CEDEM, for example) because of the great needs that exist. There are no indigenous *Montenegrin*-developed training materials or trainers and NGOs rely on the training team developed in Serbia by TIM TRI of Civic Initiatives. Promises of international support have been slow to materialize.

PUBLIC IMAGE: 5

When there is coverage by the media, it is generally positive and responsive to NGOs. Much of the population now views NGOs as parts of Montenegrin society and not as foreign agents.

The public's understanding of the role of NGOs is weak, often thinking of it simply as a replacement for the state to provide services. A significant part of the population that voted for Momir Bulatovic and his hard-line party view NGOs as traitors, and the pro-Bulatovic press portrays NGOs in this way. The overall public is not knowledgeable enough about NGOs to be supportive; the business sector is not developed enough to offer support. NGOs themselves have little sense of promotion.

POLAND:
NGO Sustainability Index
1999

OVERALL RATING: 2.1

Since 1989, the Third Sector in Poland has enjoyed a renaissance with nearly 30,000 independent organizations estimated to be active in a variety of areas, such as education, health care, social welfare, culture, human rights, local development, and environmental protection. Most of these organizations have been registered over the last ten years. NGO support services are becoming increasingly available and are provided by a network of seven organizations located in big cities. The network provides training, information and advisory services to help NGOs improve their fund raising skills, develop and implement fundable projects, strengthen ability to cooperate with the public and business sectors, and with the media. Similar services are also increasingly available in smaller towns, where NGO-support centers have emerged over the past years. A cadre of skilled and knowledgeable indigenous trainers works for these centers. Efforts are being undertaken to develop indigenous funding sources through business and local government support; and to strengthen NGOs influence on social and economic policy formulation and development.

Additional assistance is needed in developing local sources of funding for NGOs, especially promoting business involvement in the process, and building legal and administrative capacity to establish endowed foundations and community foundations. More work is also required in the areas of inter-organizational cooperation, such as coalition building, and lobbying. There is also a need to further develop cooperation with the public administration, especially with local government, and to establish a countrywide, consistent and transparent mechanism for public funding of NGO activities. It is also important that more effective efforts are made to promote devolution of responsibilities for service delivery from public administration, especially local government, to NGOs through contracting.

LEGAL ENVIRONMENT: 2

Registering associations is relatively easy. There is no unfair regulation of the registration process by central government. NGOs can operate freely and they are free from harassment by the state or local government. Any objections or complaints brought forth by central or local government concerning NGOs must be settled by the judicial system, which is independent of the executive and legislative branches of government. Grants and donations received by NGOs are tax exempt. Polish law provides also for tax exemptions for individual and corporate donors, when donations support specified aims. Donations by individuals and businesses are tax exempt up to 10% or 15% of revenue (gross profit) depending on what aims the donation serves. It is almost certain that this tax exemption will soon be reduced to only 10%.

Plans are under way to modify the law on associations that will allow for more control over associations by local public administration. It is expected that the NGO sector is going to strongly oppose it. Registering foundations takes a lot of time. This is due to the fact that the process is centralized, with one court handling registrations for the whole country. The current public administration reform has not yet resulted in decentralization of registration decisions. For the last four years, the court has been reluctant to register foundations if their statutes contain clauses

enabling them to conduct business activities, thereby closing a source of revenue for NGOs. NGOs are required to submit annual reports and financial statements to the Ministry most closely related to the organization's area of activity, resulting in a great degree of discrepancy in assessment and evaluation. Consistent and transparent requirements for reporting format and level of control are needed for the Third Sector as a whole. Current legal regulations, including public finance law, procurement law, the law on foundations, and the law on associations do not provide a clear framework for funding NGOs by the public sector (through grants and contracts). A new law on "cooperation between public administration and NGOs" has been under consideration for over three years is expected to address this problem, but it is not certain whether it will be debated and passed by the current Parliament. In spite of progress made in this regard, NGOs have still a long way to go to become a strong partner in policy development and implementation. Polish law does not contain necessary provisions that regulate voluntary work and this creates some administrative problems for NGOs in using volunteer labor. Legal advising is not easily available to NGOs, especially outside of big cities.

ORGANIZATIONAL CAPACITY: 2

NGOs are increasingly able to develop strategic plans and define their mission, though this is still far from common. A Charter of Principles that was adopted as a self-regulatory measure during the national forum of NGOs in 1996 includes clauses differentiating management and supervisory functions. The Charter also precludes members of the supervisory body from receiving remuneration. Leading NGOs have paid staff, usually well-trained and skilled professionals.

A great number of organizations are operating without any outside funding. These organizations can not therefore afford to have paid staff. Resources that support training are directed to training institutions and not to NGOs, hampering the development of a consumer market for training. While it is unrealistic to expect that the market can regulate all training for NGOs, it is also necessary to develop strategies for increased competition, quality control and customer orientation among service providers. There is an overall lack of awareness about the important role played by NGO support organizations in developing civil society. Indigenous resources are most often directed to NGOs meeting basic human needs and therefore further assistance is needed to strengthen sustainability of the NGO support organizations. Organizations are only beginning to cooperate or form coalitions for more effective public policy advocacy. Management structure of NGOs is often not well defined, and division between the Board of Directors and staff is often not recognized.

FINANCIAL VIABILITY: 2.5

NGOs are increasingly raising funds from local sources, especially local government. Models of consistent and transparent funding of NGOs by local government have been developed and are being replicated. Over the last three years, several initiatives have been taking place to develop local sources of funding for NGOs. In 1998, an organization was established as a successor to the USAID-funded Democracy Network (DemNet) project to develop and promote philanthropy. This organization supports the most interesting philanthropic initiatives through the Benefactor of the Year competition and conducts a program dedicated to the creation and development of community foundations. Fourteen community foundations throughout the country have already started raising funds locally. New fund-raising methodologies and approaches, such as payroll deductions, establishing a foundation that raises funds to help modernize children's hospital, have been successfully introduced. A pilot program of contracting services to NGOs by local government has been initiated in selected municipalities. Poland has good training programs and consultation services available in fund raising. The USAID's Local Government Partnership Program promotes market

demand for training, information, and advisory services to local government, and NGOs providing such services are benefiting from it.

There are few indigenous endowed foundations, and it is very difficult to find sponsors willing to establish endowments. Other efforts to establish local sources of funding for NGOs, such as community foundations or the Polish branch of the United Way operation, are only starting. There is a danger that before reliable and consistent local sources are developed, foreign institutions will cease supporting the Polish Third Sector, thereby depriving NGOs of a significant source of support. Further assistance is needed to promote business involvement in supporting NGOs. Current public administration reform and new public finance law have created a feeling of uncertainty among NGOs concerning public funding. Additional work is needed to develop a consistent, countrywide mechanism for local government funding of NGOs and to devolve responsibilities for service delivery from the local government to NGOs through contracting.

ADVOCACY: 2.5

There is an increase in the number of public advocacy activities being initiated by NGOs. This is evidenced by coalitions and umbrella groups of NGOs working on issues related to: children's rights, rights of disabled persons, reproductive rights, human rights, environmental protection, cooperation between NGOs and other sectors (government and private), and the legal framework for NGO activities. Numerous NGOs representing most areas (sectors) of NGO activities have conducted successful advocacy campaigns. Recently, the most spectacular and successful advocacy campaign by NGOs was to influence change in the new public finance law that created serious problems with funding NGOs by local government. In the past, DemNet grantees were able to successfully influence national and local government legislation and regulations, including one article in the new Constitution, three amendments to national legislation, and 59 local government ordinances. Politicians are beginning to view NGOs as a group that can not be ignored, though expressions of interest and good will are not to often followed by expected actions. The Association for the Forum of Non-Governmental continues to provide the Parliament with information on the Third Sector and with input concerning the proposed law on public benefit activities. Discussions on self-regulatory measures have been initiated by the NGO sector and a code of ethics has been drafted covering such issues as transparency, commitment to stated mission and public benefit, separation of executive and supervisory/advisory functions, and willingness to cooperate with other NGOs.

The practice of lobbying is in its beginning stage with both NGOs and elected representatives, therefore the role, ethics and techniques of this skill are not fully developed. Coalitions among NGOs are still not common and NGOs need to further develop them as a more permanent mechanism for communicating their needs and expressing their concerns regarding NGO legislation and other issues. Direct and permanent channels of communication between policy-makers and NGOs need to be developed and possibly formalized, as is the whole process of public consultation.

SERVICE PROVISION: 2.0

NGOs are active in a variety of areas, providing basic services, such as education, health-care, and social assistance, and engage in activities to promote culture, environmental protection, rights of underprivileged groups such as women and minorities, and human rights. They are also actively participating in job creation and other activities promoting economic development. NGOs have also become the major or sole provider of care to terminally ill and shelter to the homeless. A limited number of NGOs is charging fee for services. This applies especially to NGOs that provide training or advisory services to local government. Otherwise, NGOs need donor funding to be able to continue their services.

Official recognition by the government does not translate itself into clear and unequivocal support in practice. The current public administration reform that introduced two new levels of local government created additional uncertainty about funding NGOs by the government. A transparent countrywide system of funding NGOs through grants and contracts to allow them to provide services to the communities is yet to be developed.

INFRASTRUCTURE: 2.0

A network of seven NGO support centers located in big cities, provides information, training and advisory services to NGOs in fund-raising, NGO management, preparing applications for funding, cooperation with local government, and promotion and cooperation with the media. The most important achievements of the Network include: a national information bank on NGOs that is regularly updated (KLON/JAWOR); numerous publications, including NGO directories, guidebooks and newsletters; Internet services for NGOs; and establishing centers promoting volunteer work. Additional support centers operate in smaller towns. Over the last four years, NGO support centers have substantially improved their skills and capacity to serve NGO needs. Coalition building is beginning, especially among NGOs working on children's rights, rights of the disabled, human rights, and environmental protection. Intersectoral partnerships are developing with foreign and local business, local government and the media. Polish NGOs are also increasingly involved in cooperation with and support for the Third Sector in Belarus, Ukraine, Lithuania, and former Yugoslavia. Polish NGOs are also actively trying to be included in negotiations related to EU accession.

Most of the training, advisory and information services for NGOs are provided for free and are funded by various donors. The majority of the NGOs, especially from small towns, are not able to pay for services. There are concerns that indigenous sources of funding might not be developing quickly enough to close the gap, once foreign funding is no longer available. Improvements are also needed in the areas of information sharing, cooperation among NGOs, and intersectoral cooperation.

PUBLIC IMAGE: 2

During the last two years, NGOs have begun to work more effectively with the media, as evidenced by an increase in positive local and national newspaper articles, radio interviews and television programs. This includes a series on NGOs on national educational television as well as local newspaper coverage of NGO activities. The assistance that NGOs provided to victims of the 1997 flood was widely recognized by the media and contributed also to improved image. Media helped publicize serious problems faced by NGOs as a result of an article in the new 1999 public finance law and thus contributed to NGO's success in having the law amended. A special campaign was conducted to encourage NGOs to publish annual reports as a matter of standard practice.

The public image of NGOs is still affected by the widely publicized results of the 1993 audit of foundations (established by the central government) that found a number of irregularities. There is still an insufficient understanding among the public of the role of the non-profit sector in a democracy. The third sector tends to be perceived narrowly as involving charitable activities, and less frequently as conducting lobbying or representing particular interests. NGOs do still need to develop more effective ways for publicizing their activities and promoting their public image.

ROMANIA
NGO Sustainability Index
1999

OVERALL RATING: 4.0

Over the past year, while there has been a marked increase in the number of NGOs (unofficial data estimate that there are 40,000 NGOs registered, about 50% of them being active), only social sector NGOs (child welfare, women's issues, disabled people) have improved the quality of services delivered.

As a whole, the sector only registered minimal advancements, reflecting in part the economic and political problems affecting Romania. In addition, direct donor support to the sector continues to decrease. These conditions have contributed to a practical stagnation of the sector. On the positive side, these constraints and the decentralization process have helped to create a new dynamics in the sector, causing NGOs to improve their local linkages to forge partnerships at the local level.

LEGAL ENVIRONMENT: 3.5

Romania remains the only country in Central and Eastern Europe without a modern law regulating its associations and foundations. After the change in regime in 1989, Romania resurrected Law No. 21 from 1924, which gave associations a relatively easy means by which to register and relative freedom of operation, but lacked adequate safeguards and was inconsistent with more recent legislation in other areas.

The NGO community has also been actively pursuing the adoption of a new legal and regulatory framework that incorporates internationally accepted precepts and practices for the operation of NGOs. Recent NGOs advocacy initiatives to improve the legal environment for NGOs led to the passage of a "Sponsorship Law" in early 1998, landmark legislation designed to provide tax deductions for individual and corporate contributions to NGOs and favorable treatment by print and broadcast media for programs or announcements by NGOs. Then, in September 1998, key legislation was passed allowing NGOs to contract for the delivery of social services.

There are only a small number of Romanian lawyers that are familiar with legislation for the non-profit sector. Some NGOs and support organizations can provide legal advice to citizens that want to start a new organization, but this service is available mainly in the capital city.

ORGANIZATIONAL CAPACITY: 4

Although there is a growing number of NGOs with basic administrative and operational capabilities, and a small number with formal boards of directors, the majority continues to struggle with the development of their core capacities. Some improvements are noticeable in the internal management structures, especially in the capital city and major cities, and more involvement with constituency building. Unfortunately, because of the lack of resources, NGOs are not able to sustain their

organizational capacity, have very small (1-2 people) paid staff, and depend largely on volunteers. As a result, trained staff often depart to join the business sector.

FINANCIAL VIABILITY: 5

Sector-wide donor funding is decreasing, although there still remains some external targeted support. Approximately 36% of the NGO revenues come from foreign sources. Foreign donors have changed their strategy, providing less direct support for the sector and focusing more on funding programs in specific areas (child welfare, minority rights, community development, etc.). While there has been some progress regarding self-generated revenues, the lack of donor funding and the poor economic situation of the country have made financial viability the major issue for the sector. Despite these difficulties, several NGOs are starting to use new fundraising techniques, such as direct mail campaigns, membership fees, and public events to raise additional funds. About 9% of NGO revenues come from individual donations, 11% from membership fees and 13% from corporate sources.

ADVOCACY: 4

While some progress has been achieved in establishing cooperation with both the central and local governments, a lot remains to be done to effectively use these channels. As local governments are able to better define their functions and responsibilities, the opportunities for effective NGO engagement will increase.

More NGOs are aware of the use of advocacy and lobbying techniques to promote their own agenda, including the legal and regulatory framework for the sector. As the pending new NGO legislation is not one of Parliament's priorities, a vote is likely to be postponed until after the 2000 elections, unless NGOs push for quick approval.

The Coalition for Reproductive Health, including 27 NGOs and professional associations, continued to inform citizens about their rights and to advocate for the access to reproductive health (RH) services. In October 1998, the coalition launched its campaign "Women Choose Health", promoting RH in rural areas, schools and factories in three counties (Cluj, Iasi, Constanta). The coalition successfully lobbied the Executive and the Parliament to include a comprehensive set of RH services in the basic health insurance package.

SERVICE PROVISION: 4

There is a noticeable diversification of services being provided by NGOs, and an increased awareness of the need to provide services that reflect the priorities of the communities. Most of the services are provided to children, elderly, and people with disabilities. These services consist of material support, as well as counseling, and are often of higher quality and lower costs than those provided by the state. The majority of NGOs are still struggling with difficulties like cost recovery and learning to tap into the resources available.

INFRASTRUCTURE: 4

Although there are a few NGO resource centers and intermediary support organizations (ISOs) in Romania, these organizations are still at the formative stage, trying to define their role, struggling with the lack of resources, and developing and maintaining relationships with their clients.

Communication and information sharing in the sector is stimulated through local and sectoral forums, and through magazines and newsletters edited and published by NGOs. Though some attempts have been made to create a permanent representative structure, no democratic mechanisms are yet in place to ensure that the voice of the smaller NGOs is heard.

A wide range of training services is available in the capital and secondary cities, as well as training materials in Romanian. Capable NGO management specialists provide training and consultancy, but there is a concern about their future availability for the sector as external funding levels decline.

PUBLIC IMAGE: 4

During the past two years, a number of questionable NGOs that were created for the sole purpose of importing vehicles, equipment and commodities free of tax, created a lot of bad publicity for the NGO sector. Although the sector as a whole continues to suffer from that publicity, efforts have been made, such as NGO forums and fairs, to improve the public image of the sector. Over the past year, there has also been more positive media coverage. While there is growing interest among NGOs to establish internal standards of performance, no significant results have been achieved yet regarding a code of ethics. As NGOs improve their public relations capabilities and their relationship with the media, and if training and technical assistance for both NGOs and journalists continues, more significant improvements are anticipated in the coming year.

RUSSIA
NGO Sustainability Index
1999

OVERALL RATING: 4

Over the past twelve years, Russia's NGO sector has grown dramatically. In 1987, there were thirty to forty registered civic NGOs; on December 31, 1998 237,935 organizations had registered with the Ministry of Justice. Sector experts estimate that roughly one-quarter of these NGOs are active and engaged in civic issues (as opposed to trade unions, religious groups, consumer cooperatives, businesses registered as NGOs, or defunct organizations, for example).

Strong organizations exist in all sectors, but not in all regions. Russia's NGO development varies greatly across its 89 Federation subjects, and ranges from sophisticated organizations located in the capitol cities that possess excellent technological, human, training, information, and financial resources, to small volunteer groups operating in the regions, sometimes solely on the basis of in-kind contributions. The majority of active NGOs, large and small, are concentrated in urban areas and population centers. All activists cite an increase in the professionalism of NGOs in general (and their need for professional development in particular) as one of their highest priorities. They believe that increasing their professionalism will remove some of the barriers to cooperation with business and government.

The most pronounced negative factors in 1999 are Russia's continuing economic crisis, coupled with political uncertainty. These factors offer bleak prospects for NGO sector financial viability and much-needed federal-level legislative reform, and represent the most serious constraint on medium-term NGO sector growth in areas where other resources are present.

LEGAL ENVIRONMENT: 4.0

Russian legislation, enacted at the Federal level, provides a legal basis for NGOs to operate. The key Federal laws that are in place include: the Civil Code (1994), the law "On Public Associations" (1995), the law "On Charitable Organizations and Charitable Activity" (1995), and the law "On Non-Profit Organizations" (1995). Most NGOs operate free of harassment from government authorities. At present, pro-NGO legislation is being advanced on the regional and local levels by NGO sector activists, including legislation on government contracts and procurements. No provision for such procurements is expected at the federal level in the next two years.

Access to legal consultations or advice for NGOs was expanded this year through USAID-funded NGO resource centers in Siberia, Southern Russia, Novgorod, Samara, and the Russian Far East. For example, ISAR provides Russian Far East (RFE) NGOs with legal consultations at five resource centers, and publishes texts of pertinent legislation in its journal and on the Internet.

Overall, Russia's legal environment for NGOs has worsened over the past year. Considerable setbacks in the areas of taxation of foreign assistance were coupled with an increase in government interference in the re-registration of certain politically controversial NGOs. (Re-registration of NGOs registered prior to 1995 was mandated by the framework legislation mentioned above.)

Taxes are often collected on cost recovery measures or fee-for-service arrangements, without distinguishing between nonprofit and profit-making enterprises. Legislation promoting significant

usable tax incentives will likely not be a part of Russia's tax structure in the foreseeable future, due to international and domestic pressure on the Russian federal government to raise critically needed revenues. The general provisions of a new tax code were adopted in August 1998; the specific provisions have not yet been adopted. NGO sector activists have formed a national coalition to lobby for a package of amendments to the specific provisions of the new tax code that would address serious defects in the general provisions and restore some level of protection for nonprofits, but the fate of this legislation is uncertain.

ORGANIZATIONAL CAPACITY: 3.5

Although the growing capacity of local expertise to provide training in a range of organizational topics is the dominant element in this rating, regional discrepancies in access to this training, and in NGO development as a whole, create inconsistencies. Many NGOs still suffer from a lack of appropriate internal democratic governance principles, often because they are "one-person NGOs."

Investments by USAID and other donors in training and technical assistance in organizational management are beginning to produce significant results in Russia's NGO sector, although there is still far to go. For example, the number of indigenous consulting and training agencies that can offer specialized training in one or more areas of organizational management held steady over the past year, despite the August 1998 financial crisis. Leading NGOs throughout the country articulate clear mission statements and are successful in attracting volunteers.

Much growth is still needed in the areas of conflict resolution, strategic and financial planning, membership outreach, volunteer management, and formation of boards of directors. While some organizations are advanced in these areas, most are just beginning. Basic and more advanced training are still critically needed by NGOs throughout Russia, and USAID does not know of any Russian consultants who can support training in establishing and working with a board of directors.

FINANCIAL VIABILITY: 5.0

Russia's NGOs are turning to government and business with increasing success for support for their work. Leading Siberian NGOs have begun to catalyze small grant programs by mobilizing resources from local government and business; small grants from this "consolidated" pool are then awarded competitively to local groups for socially significant projects. NGO sector experts continue to find that Russian regional and local government agencies -- not foreign donors -- are the most likely sources of financial support: at least forty percent of Russia's NGOs receive some form of government assistance, and fifty percent of those surveyed have no cash income at all.

Traditions of indigenous philanthropy are slowly being revived in Russia, but few NGOs have had success in raising money from private individuals. Classical "fundraising" from commercial organizations (in the sense of direct solicitation) is becoming more widely practiced in the Russian NGO sector. NGO activists continue to be more successful at fundraising for specific events than for ongoing institutional support. Basic fundraising training is increasingly available, but most NGO sector activists still lack the sophistication to make credible, well-targeted solicitations.

Russia's poor economic performance continues to pose the single most serious constraint to the financial development of its NGO sector. The contraction of the economy following the August 1998 financial crisis has made financial sustainability for leading NGOs with significant foreign funding unlikely within the next five years. Professional organizations in general are just beginning to learn how to provide member services, a necessary precondition for dues collection. Cost-recovery, fee-

for-service and other revenue-raising schemes are being introduced by NGOs across Russia, but may carry serious tax liabilities.

ADVOCACY: 3.5

Local advocacy initiatives have gained strength in over thirty of Russia's regions, as demonstrated by local citizen councils that meet regularly to advise legislative- and executive-branch officials on policy matters. Although suspicion continues to exist on both sides, local government officials and activists continue to find mechanisms such as these councils to promote collaboration. In some regions, officials eagerly solicit help from activists in collaborating on programming and on drafting legislation. In Siberia, for example, over 350 consultations between NGO activists and government officials have occurred during the past year. In other regions, however, government officials (or even the activists themselves) envision the role of NGOs as temporary providers of social services until the state can stand on its feet again.

Informal, issue-based coalitions are increasingly frequent and visible at the local level. Organizations do pool resources and work together when there is a perceived need or a pressing issue, such as last years' national campaign for fair taxation of NGOs. Larger issue-oriented NGOs have formed nationwide networks to advocate on specific policy issues (such as youth, ecology, voter mobilization or military reform). The National Democratic Institute trained a coalition of NGOs with national constituencies to mobilize voters during the December 1999 State Duma elections.

There are few Russian "think tanks" on the Western model that advocate public policy recommendations at the Federal level. Policy formulation by Russian NGOs is most likely to take be born of practical experience, taking the form of a "partnership" between government bodies and NGOs. The overwhelming majority of NGOs establish their credentials as advocates by working with local government agencies to solve practical problems. Advocacy is perceived by most Russian NGO activists as part of the process of working to improve the lives of their constituents, rather than as a separate function performed by specialized organizations.

As NGOs establish themselves in a positive and cooperative role as public advocates and providers of services, they become extremely attractive to government officials seeking office, especially given Russia's weak level of political party development. Lack of political parties with issue-based platforms, and the lack of accountability of elected officials generally, seriously hinders the effectiveness of NGOs' lobbying efforts.

SERVICE PROVISION: 4.5

Most of Russia's NGOs provide some type of service to their members or to their communities based on needs perceived at the local level (rather than at the behest of donors). Some of Russia's elite NGOs provide high-quality services in the areas of housing, health, training, and environmental health. They have succeeded in creating a demand for their services among NGO, commercial, and government clients, and have found clients who are willing and able to pay. Their "product lines" are not, as a rule, diversified. These NGOs have found ways of registering and obtaining the necessary licenses so that they can provide these services and manage their tax obligations. In increasing numbers, local government officials are beginning to recognize the value that NGOs can add in the provision of basic social services.

Russian tax law does not favor cost-recovery schemes. For example, in many instances the tax implications of these schemes are so unfavorable as to make even charging subscription fees unprofitable. Leading Russian NGOs are exploring fee-for-service and other cost-recovery options,

and have found that many NGOs and some businesses would be willing to pay for publications, workshops, and expert analysis, as well as other services. Few of those willing to pay actually have the means to do so.

INFRASTRUCTURE: 3.5

NGO resource centers exist in many regions throughout Russia that provide local NGOs with access to information and technology. ISOs provide training, technical assistance, grants, and other support to local NGOs in many communities. There is a growing cadre of capable Russian management trainers, and NGO management training and Russian-language materials are available in many regional capitals. Advanced specialized training and consulting in strategic management, accounting for non-profits, financial management, fundraising, and volunteer management are available in major cities and regional centers. Training and consulting organizations receive considerable financial support from the NGOs they serve. NGOs work in formal and informal partnerships with local business and local government. In a few cities, an awareness among the various sectors of the possibilities for and advantages of such partnerships is growing.

Resource centers that serve NGOs (as opposed to business support institutions) have difficulty earning income and generating revenue for the reasons noted above (see “service provision”). Vast distances between population centers in certain regions (e.g., the Russian Far East) and poor infrastructure limit NGOs’ access to resource center services. For example, although several USAID-funded programs feature Internet libraries, the overwhelming majority of Russian NGOs do not have reliable Internet access. In most of the country, Internet connections are not sufficient to permit downloading of large documents.

PUBLIC IMAGE: 5

In 1999 the perception of NGOs’ effectiveness as providers of services and as advocates for their constituents has continued to improve among government officials in the regions in which foreign donors are active. According to Russian NGO sector experts from the regions, much hard work by NGO activists has had significant impact. NGOs (and especially NGO resource centers) continue to work actively with local media representatives to increase coverage of the active, positive role that NGOs are playing in their communities. At the regional/local level, NGOs join together to advocate on behalf of the NGO sector as a whole; to share resources, information, and experience; and to undertake common activities. NGO fairs, which promote the public image of NGOs among business, government, and the general population, are an example of such an activity. In October 1999, the USAID-funded NGO Resource Center “FIRN” located in Ulan-Ude held its second annual fair, which showcased the potential role Buryatia’s NGOs can play in solving the republic’s social problems. Over 800 citizens attended the fair, which was opened by the First Deputy Head of the Government of Buryatia, who noted the significant role NGOs are playing in the republic’s economy.

Much work remains to be done, as many organizations still lack basic public relations skills. Cultivating good relations with local media representatives may take more time and attention than small organizations are able to devote to this crucial work, although many are improving their skills. Journalists are often poorly informed about the role NGOs play in civil society and are preoccupied with other news items. Therefore, the public at large continues to have a poor understanding of the role and positive achievements of NGOs in society. Popular opinion continues to associate NGOs with illegal businesses or tax evasion. The lack of tax reform that would enable small businesses to function profitably without resorting to registering as nonprofits also contributes to this negative image.

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OVERALL RANKING: 5.4

The NGO sector in Serbia is full of contradictions. Certain dimensions of sustainability are very low because of the environment in which the NGOs work (political, economic and humanitarian), but the quality of activities and services of NGOs has been improving every day. After the explosive growth of local NGOs in 1998 and as a result of the presence of new funders such as USAID and the Know How Fund, NGOs passed several dramatic developmental phases. With the withdrawal of funders, due to bombing threats, NGOs were left without consistent sources of financing. During the NATO bombing most NGOs stopped all activities because of martial law and fear of pressure from the regime.

At the same time, the tragic events of 1999 demonstrate that NGOs in Serbia have very deep roots as well as the ability to survive under extremely difficult conditions. Nearly 60 NGOs worked together and spoke out against both the ethnic cleansing of Albanians in Kosovo and NATO bombing. In a way NGOs, particularly those in Belgrade, emerged from the war stronger and more united. The public image of NGOs became very positive and they gained respect. In the post war period, NGOs have appeared as the only reliable alternative, and the only productive force for necessary change in society. New NGOs have been registered but they are dependent upon foreign funding, because the population and the economy are completely impoverished. Unprecedented repression of independent media, complete control of the judiciary system by the regime, imprisonment of human rights activists with sentences of up to three years, are constant threat and an obstacle to the functioning of the NGOs. As a reaction, local and national coalitions are being formed, and cooperation and a dialogue has been established with some political parties about a common platform for change. This process has had its ups and downs, but it has led to improvement in the functioning of civil society. The renewed interest of foreign funders in has Serbia opened new perspectives.

LEGAL ENVIRONMENT: 6

Though there has been no change in the legislative environment for NGOs during 1999, Serbia is experiencing a growing repression against all individuals and groups that think differently than the regime. In response, the NGO sector has supported the formation of a network of offices, coordinated by the Lawyers' Committee for the Protection of Human Rights, to provide free legal assistance throughout Serbia. In several free cities, including Nis, Kikinda, and Sombor, close cooperation has been established between NGOs and local authorities.

Both Yugoslav and Serbian institutions have been used to delay the registration process for new NGOs. A number of NGOs have been refused registration, based upon the argument that the state is already dealing with the same problem. The absence of a legal framework for international NGOs (INGOs) has necessitated separate contracts between individual INGOs and the State. These separate contracts make international organizations largely dependent upon good will of the regime and separate them from local NGOs that cannot or do not wish to establish relations with the regime. The lack of regulations creates substantial financial pressure on the sector, because financing from outside the country is quasi-legal.

ORGANIZATIONAL CAPACITY: 5

Approximately 300 NGO activists from 150 NGOs have successfully completed training in NGO management, provided by Team TRI, a local training group. This training has resulted in more intense networking activity, and a more active approach toward constituents and international donors. The quality of NGO projects, both in the capital and the regions, has been significantly improved. The Civic Initiatives Center for Development Training and Information has been established to respond to the growing demand for assistance and services.

New NGOs, particularly the ones outside Belgrade, still have problems developing activities, writing proposals, and fundraising. The biggest problem is the lack of technical capacity and access to information. NGOs struggle to cover the basic costs of office space, telephone and at least one professional staff member. Volunteers are very rare, as a result of the dramatic economic situation.

FINANCIAL VIABILITY: 6

There has been no progress in financial viability over the past year. Several new small funders, such as IDEE and BCIF, are capable of reacting rapidly and providing small emergency grants up to \$2,000 USD to help local NGOs meet urgent needs. Their flexibility and rapid reaction capability are necessary to keep NGOs afloat given their present circumstances.

Major Belgrade-based NGOs are the only ones that have managed to obtain funds for long term projects. Most local NGOs are on the verge of closing down their activities. They need support and assistance in writing projects, translating them in English, and approaching donors. The international community, particularly European institutions, remains slow in delivering promised support.

ADVOCACY: 6

Close cooperation has been established between local authorities and NGOs in most free cities. Several legal initiatives have been conducted -- for example, amnesty for those who refused to participate in the war in Kosovo, human rights activists, etc. A large number of NGOs and other civil society organizations (e.g. Civic Initiatives' Back to Europe Campaign, Trade Unions, Media etc) have cooperated in several campaigns to promote and advocate for change in Serbian society. Opposition political parties have cooperated with NGOs in the development of several legislative proposals, such as a proposed election law, drafted by CESID.

Neither Yugoslav nor Serbian government institutions provide any response to initiatives coming from the NGO sector. There is no interest on the part of NGOs to continue to try to establish communications with the current regime.

SERVICE PROVISION: 4

NGOs are expanding their service areas to cover new activities including providing support to small and medium enterprises, enlargement of Roma organizations, new human rights and civil society development organizations. NGOs are becoming more aware of their own capacity to make a difference, and the increased number of beneficiaries of NGO services proves that they are attempting to meet the needs of their communities.

Most of the population sees NGOs as a substitute for the state. They do not perceive NGOs as vehicles for solving problems themselves, but passively expect NGOs to solve their problems for them. The state has completely given up on entire sectors of social activity, such as foster parents programs and disabled and minority programs, leaving them for NGOs, but without providing any financial support for these activities. State control of all humanitarian aid coming into the country through the Serbian Red Cross places a significant constraint on service provision by local NGOs. In addition, income-generating projects are almost entirely aimed at refugees and displaced persons, although the economic situation of the local population is equally difficult.

INFRASTRUCTURE: 5

The establishment of a new Resource Center, as well as several information centers on the local level, is improving the dissemination of information throughout the sector. Several coalitions have been established on all levels. Conferences and large regional meetings have included participants from other sectors and have intensified NGO partnerships. In response to the increased demand, Team TRI, the only professional group of NGO management trainers, has begun a new Training of Trainers Program, in cooperation with OXFAM and the European Union. The program will train future trainers from all regions of Serbia and Montenegro.

PUBLIC IMAGE: 5.5

Local media have shown increased interest in the activities of the NGO sector. Local radio and television stations and local newspapers have developed special programs and features about the third sector. On the national level, independent media are informing the public about important activities of NGOs. Surprisingly, the state-controlled media have not started a campaign against NGOs. Most significantly, NGOs are benefiting from word of mouth promotion of the impact and results of their programs.

The general population continues to have very limited knowledge of the role and capacity of NGOs. State media provide no information coming from NGOs, particularly with regard to human rights issues, democracy and civil society building. The danger that the State may restart a campaign against NGOs is constant.